EPA-State Energy Efficiency and Renewable Energy Projects

Energy Efficiency and Renewable Energy Offers Many Benefits

Energy efficiency and other clean energy resources are delivering a host of benefits, including enhanced electric system reliability, moderated natural gas prices, economic development and reduced environmental impacts. Many states are finding that energy efficiency can deliver energy savings at a significantly lower cost than the construction of new energy supply and that renewable energy offers an important opportunity to diversify the energy portfolio. However, there remains tremendous untapped potential for additional cost-effective energy efficiency, clean distributed generation and renewable energy resources across the country. Harnessing these resources is particularly important today, as natural gas prices are expected to remain at or above current levels for the next several years, electric reliability continues to raise prices and limit development in congested areas, and energy-related air pollution contributes to local air quality "hot spots" and increased risk of climate change.

The EPA-State Energy Efficiency and Renewable Energy (EERE) Projects are a joint initiative between the U.S. Environmental Protection Agency (EPA), the National Association of Regulatory Utility Commissioners (NARUC), and individual state utility commissions designed to explore approaches that deliver significant energy cost savings and other benefits through greater use of energy efficiency, renewable energy, and clean distributed generation. These projects build upon the past decade of experience of EPA's ENERGY STAR program in helping utilities and others to implement low-cost energy efficiency programs that deliver significant energy savings to their customers. Through 2004, Americans with the help of ENERGY STAR have reduced national electricity demand by almost 4 percent, saving about $10 billion annually and avoiding the greenhouse gas emissions equivalent to those of 20 million vehicles. The projects will build upon recent NARUC resolutions that support increased use of clean energy resources as a strategy to reduce energy prices and enhance electric system operations.

Based on a number of recent studies, EPA estimates that if all states were to implement cost-effective energy efficiency and clean energy policies, the expected growth in demand for electricity could be cut in half by 2025, providing billions of dollars in customer savings, contributing to lower prices for natural gas, and substantially reducing greenhouse gas emissions. State utility commissioners can help implement policies and programs that deliver a large part of these savings.

The EPA-State Energy Efficiency and Renewable Projects

The EPA-State EERE Projects will explore a range of approaches, for encouraging energy efficiency and clean energy resources within state utility commission processes based on specific State interests. Efforts may include the following:

Rate Design. Many utilities are regulated in a manner by which they lose revenue if they undertake energy efficiency programs. Efforts may investigate ways to address this unintended consequence through revenue "decoupling" mechanisms combined with performance-based incentives designed to better align utilities' interests with greater use of energy efficiency.

Resource Planning. There is an opportunity to better recognize the value of clean energy resources more fully in utility resource planning processes. Projects may be designed to provide key information about the fuel diversity, congestion relief, reliability enhancement, environmental benefits, and cost-savings benefits that clean energy resources offer to the electricity system over both the short- and long-term.

Transmission and Distribution Planning. Geographically-targeted clean energy resources can provide least-cost solutions to transmission and distribution challenges like load pockets and areas with reliability concerns. The projects may explore "non-wires" planning approaches that consider clean energy resources on equal footing with traditional transmission and distribution investments.

Standardized Interconnection Requirements for Clean Distributed Generation. Standardized interconnection and guidance on rate reasonableness will help reduce the uncertainty faced by energy users and developers when they propose clean on-site generation projects. The projects may explore model approaches for interconnection and rate reasonableness that reduce this uncertainty while ensuring cost recovery for utilities.

The EPA-State EERE Projects are expected to take one to two years to assess, document and share information on the benefits and costs of policies and programs in a manner that can catalyze changes within the States which expand the use of clean energy technologies. When implemented, these policies and programs have the potential to provide billions of dollars in lower energy bills to consumers across the country, along with greater electric system reliability and reduced air emissions from power plants.

Partners in the Initiative

The U.S. Environmental Protection Agency

EPA through a number of voluntary program efforts works with businesses, organizations, governments, and consumers to reduce emissions of the greenhouse gases that contribute to global climate change by promoting greater use of energy efficient and other cost-effective technologies. EPA's ENERGY STAR, Combined Heat and Power Partnership, and Green Power Partnership form a basis for this new initiative.

For more information: http://www.epa.gov/cleanenergy

The National Association of Regulatory Utility Commissioners (NARUC)

The National Association of Regulatory Utility Commissioners (NARUC) is a non-profit organization founded in 1889. Its members include the governmental agencies that are engaged in the regulation of utilities and carriers in the fifty States, the District of Columbia,

Puerto Rico and the Virgin Islands. NARUC's member agencies regulate the activities of telecommunications, energy, and water utilities.

For more information: http://www.naruc.org/

State Partners

Sandra Hochstetter, Chairman
Arkansas Public Service Commission

Anne George, Commissioner
Connecticut Department of Public Utility Control

Richard Morgan, Commissioner
District of Columbia Public Service Commission

Carlito P. Caliboso, Chairman
Hawaii Public Utilities Commission

Phyllis Reha, Commissioner
Minnesota Public Utilities Commission

Connie O. Hughes, Commissioner
New Jersey Board of Public Utilities

Shirley Baca, Co-Chair
New Mexico Public Regulation Commission

Event Information

Announcement of the State Projects will be made at a joint session of the **Electricity** and **Energy Resources & the Environment** committees during NARUC's Winter Committee Meetings being held in Washington, DC, February 13 – 16, 2005, at the Hyatt Regency Hotel, 400 New Jersey Avenue, NW.

Joint Committee Session of **Electricity** and **Energy Resources & the Environment**

Session Topic:	Energy Efficiency and Demand Response
Date:	February 16, 2005
Time:	10:30 a.m.
Room:	Yorktown/Valley Forge

For more information: **http://winter.narucmeetings.org/**
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